

## 2180 Department of Corporations

The Department of Corporations, California's investment and financing authority, under the direction of the California Corporations Commissioner, licenses and regulates a variety of businesses including securities brokers and dealers, investment advisers and financial planners, and certain fiduciaries and lenders. The Department also regulates the offer and sale of securities, franchises and off-exchange commodities.

Given this responsibility, the Department has a three-part mission:

- Ensure an efficient and accessible financial services marketplace in California.
- Educate the public about the risks and rewards in investing and finances.
- Enforce California's financial services laws to protect the public from fraud.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10 Investment Program	106.7	131.0	134.8	\$17,718	\$20,254	\$21,096
20 Lender-Fiduciary Program	98.5	119.3	122.7	12,862	18,186	19,002
50.01 Administration	44.9	55.6	55.6	5,181	6,202	6,221
50.02 Distributed Administration	-	-	-	-5,181	-6,202	-6,221
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>250.1</b>	<b>305.9</b>	<b>313.1</b>	<b>\$30,580</b>	<b>\$38,440</b>	<b>\$40,098</b>
<b>FUNDING</b>				<b>2006-07*</b>	<b>2007-08*</b>	<b>2008-09*</b>
0067 State Corporations Fund				\$30,578	\$38,290	\$39,948
0995 Reimbursements				2	150	150
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$30,580</b>	<b>\$38,440</b>	<b>\$40,098</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Corporations Code, Section 25600.

#### PROGRAM AUTHORITY

10-Investment Program:

Corporations Code Sections 25000-25707, 28000-28958, 29000-29201, 29500-29567, 31000-31516; Title 10, California Code of Regulations, Sections 250.1-250.70, 260.000-260.617, 280.100-280.700, and 310.002-310.505.

20-Lender-Fiduciary Program:

Financial Code Sections 4050-4060, 4970-4979.8, 12000-12403, 17000-17702, 22000-22780, 23000-23106, 30000-30704, and 50000-50706; Title 10, California Code of Regulations, Sections 1400-1570, 1700-1769, 1775-1799, 1805.001-1805.213.1, 1950.122-1950.317, and 2020-2030.

### MAJOR PROGRAM CHANGES

- The Governor's Budget proposes \$1 million and eight positions to address examination workload increases in the Broker-Dealer/Investment Advisers Program, and the California Finance Lenders Law Program.

### DETAILED BUDGET ADJUSTMENTS

Baseline Adjustment Descriptions	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Other Workload Adjustments	\$-	\$621	0.5	\$-	\$1,280	-
• Increased Workload: Broker/Dealer and Investment Advisers	-	-	-	-	500	3.9
• Increased Workload: California Finance Lenders Law Program	-	-	-	-	500	3.8
<b>Totals, Baseline Adjustments</b>	<b>\$-</b>	<b>\$621</b>	<b>0.5</b>	<b>\$-</b>	<b>\$2,280</b>	<b>7.7</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$-</b>	<b>\$621</b>	<b>0.5</b>	<b>\$-</b>	<b>\$2,280</b>	<b>7.7</b>

\* Dollars in thousands, except in Salary Range.

## 2180 Department of Corporations - Continued

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 - INVESTMENT PROGRAM

The Investment Program protects investors in securities and franchise investment transactions and promotes efficient capital formation in California. The program qualifies the offer and sale of certain securities, registers the sale of franchises, and licenses and examines broker-dealers and investment advisers.

#### 20 - LENDER-FIDUCIARY PROGRAM

The Lender-Fiduciary Program protects the public when borrowing and entering into financial transactions with lenders and fiduciaries licensed by the Department. The program licenses and examines mortgage bankers, finance lenders, escrow companies, deferred deposit originators, bill payers and proraters.

#### 50 - ADMINISTRATION

This program provides executive leadership and direction to the Department, including planning, policy development, budgeting, accounting, personnel, centralized support services, business and information technology services.

### DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		<u>2006-07*</u>	<u>2007-08*</u>	<u>2008-09*</u>
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>INVESTMENT PROGRAM</b>			
	<b>State Operations:</b>			
0067	State Corporations Fund	\$17,716	\$20,104	\$20,946
0995	Reimbursements	<u>2</u>	<u>150</u>	<u>150</u>
	<b>Totals, State Operations</b>	<b>\$17,718</b>	<b>\$20,254</b>	<b>\$21,096</b>
<b>ELEMENT REQUIREMENTS</b>				
<b>10.10</b>	<b>Corporate Securities Law</b>	<b>\$9,773</b>	<b>\$13,005</b>	<b>\$13,275</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	9,771	12,855	13,125
0995	Reimbursements	2	150	150
<b>10.15</b>	<b>Broker/Dealers</b>	<b>\$1,997</b>	<b>\$3,007</b>	<b>\$3,288</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	1,997	3,007	3,288
<b>10.25</b>	<b>Investment Advisers</b>	<b>\$2,980</b>	<b>\$2,530</b>	<b>\$2,804</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	2,980	2,530	2,804
<b>10.35</b>	<b>Agent Monitoring Law</b>	<b>\$243</b>	<b>\$273</b>	<b>\$275</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	243	273	275
<b>10.55</b>	<b>California Commodity Law</b>	<b>\$143</b>	<b>\$-</b>	<b>\$-</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	143	-	-
<b>10.65</b>	<b>Franchise Investment Law</b>	<b>\$2,582</b>	<b>\$1,439</b>	<b>\$1,454</b>
	<b>State Operations:</b>			
0067	State Corporations Fund	2,582	1,439	1,454
<b>PROGRAM REQUIREMENTS</b>				
<b>20</b>	<b>LENDER-FIDUCIARY PROGRAM</b>			
	<b>State Operations:</b>			
0067	State Corporations Fund	<u>\$12,862</u>	<u>\$18,186</u>	<u>\$19,002</u>
	<b>Totals, State Operations</b>	<b>\$12,862</b>	<b>\$18,186</b>	<b>\$19,002</b>
<b>ELEMENT REQUIREMENTS</b>				

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## 2180 Department of Corporations - Continued

	2006-07*	2007-08*	2008-09*
<b>20.10 Check Sellers, Bill Payers and Proraters</b>	<b>\$60</b>	<b>\$16</b>	<b>\$16</b>
<b>State Operations:</b>			
0067 State Corporations Fund	60	16	16
<b>20.20 Deferred Deposit Transaction Law</b>	<b>\$2,268</b>	<b>\$4,108</b>	<b>\$4,188</b>
<b>State Operations:</b>			
0067 State Corporations Fund	2,268	4,108	4,188
<b>20.30 Escrow Law</b>	<b>\$2,985</b>	<b>\$5,525</b>	<b>\$5,630</b>
<b>State Operations:</b>			
0067 State Corporations Fund	2,985	5,525	5,630
<b>20.90 California Finance Lenders Law</b>	<b>\$5,047</b>	<b>\$5,348</b>	<b>\$5,916</b>
<b>State Operations:</b>			
0067 State Corporations Fund	5,047	5,348	5,916
<b>20.95 Mortgage Bankers Law</b>	<b>\$2,502</b>	<b>\$3,189</b>	<b>\$3,252</b>
<b>State Operations:</b>			
0067 State Corporations Fund	2,502	3,189	3,252
<b>TOTALS, EXPENDITURES</b>			
State Operations	30,580	38,440	40,098
<b>Totals, Expenditures</b>	<b>\$30,580</b>	<b>\$38,440</b>	<b>\$40,098</b>

## EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	250.1	312.4	312.0	\$15,711	\$19,677	\$20,166
Total Adjustments	-	-	8.0	-	498	1,030
Estimated Salary Savings	-	-6.5	-6.9	-	-412	-438
<b>Net Totals, Salaries and Wages</b>	<b>250.1</b>	<b>305.9</b>	<b>313.1</b>	<b>\$15,711</b>	<b>\$19,763</b>	<b>\$20,758</b>
Staff Benefits	-	-	-	5,422	6,903	7,129
<b>Totals, Personal Services</b>	<b>250.1</b>	<b>305.9</b>	<b>313.1</b>	<b>\$21,133</b>	<b>\$26,666</b>	<b>\$27,887</b>
OPERATING EXPENSES AND EQUIPMENT				\$9,447	\$11,774	\$12,211
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS</b>				<b>\$30,580</b>	<b>\$38,440</b>	<b>\$40,098</b>
(State Operations)						

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
0067 State Corporations Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$31,548	\$37,668	\$39,948
Allocation for employee compensation	1,441	690	-
Adjustment per Section 3.60	169	-68	-
Adjustment per Section 4.75 Statewide Surcharge	2	-	-
<b>Totals Available</b>	<b>\$33,160</b>	<b>\$38,290</b>	<b>\$39,948</b>
Unexpended balance, estimated savings	-2,582	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$30,578</b>	<b>\$38,290</b>	<b>\$39,948</b>
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$2	\$150	\$150

\* Dollars in thousands, except in Salary Range.

## 2180 Department of Corporations - Continued

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$30,580</b>	<b>\$38,440</b>	<b>\$40,098</b>
<b>FUND CONDITION STATEMENTS</b>			
	2006-07*	2007-08*	2008-09*
<b>0067 State Corporations Fund<sup>s</sup></b>			
BEGINNING BALANCE	\$13,061	\$17,114	\$12,745
Prior year adjustments	-17	-	-
Adjusted Beginning Balance	\$13,044	\$17,114	\$12,745
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	29,334	30,703	31,216
125800 Renewal Fees	1,210	1,111	1,128
125900 Delinquent Fees	20	-	-
141200 Sales of Documents	3	1	1
142500 Miscellaneous Services to the Public	16	10	10
150300 Income From Surplus Money Investments	874	873	873
161000 Escheat of Unclaimed Checks & Warrants	10	1	1
161900 Other Revenue - Cost Recoveries	68	68	68
163000 Settlements/Judgments(not Anti-trust)	3,053	1,131	1,131
164300 Penalty Assessments	86	60	60
Total Revenues, Transfers, and Other Adjustments	\$34,674	\$33,958	\$34,488
Total Resources	\$47,718	\$51,072	\$47,233
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	26	37	26
2180 Department of Corporations (State Operations)	30,578	38,290	39,948
Total Expenditures and Expenditure Adjustments	\$30,604	\$38,327	\$39,974
FUND BALANCE	\$17,114	\$12,745	\$7,259
Reserve for economic uncertainties	17,114	12,745	7,259

## CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
Totals, Authorized Positions	250.1	312.4	312.0	\$15,711	\$19,677	\$20,166
Salary Adjustments	-	-	-	-	498	510
<b>Proposed New Positions:</b>				<b>Salary Range</b>		
Broker Dealer/Investment Adviser Workload Inc:						
Corporation Examiners	-	-	4.0	4,516-5,229	-	256
California Finance Lenders Workload Increase:						
Corporation Examiners	-	-	4.0	4,516-5,229	-	256
Overtime	-	-	-	-	-	8
<b>Totals, Proposed New Positions</b>	<b>-</b>	<b>-</b>	<b>8.0</b>	<b>\$-</b>	<b>\$-</b>	<b>\$520</b>
<b>Total Adjustments</b>	<b>-</b>	<b>-</b>	<b>8.0</b>	<b>\$-</b>	<b>\$498</b>	<b>\$1,030</b>
<b>TOTALS, SALARIES AND WAGES</b>	<b>250.1</b>	<b>312.4</b>	<b>320.0</b>	<b>\$15,711</b>	<b>\$20,175</b>	<b>\$21,196</b>

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